

MICHIGAN VETERANS' FACILITY AUTHORITY ACT (EXCERPT)
Act 560 of 2016

36.108 Issuance of bonds.

Sec. 8. (1) The authority shall have power and is hereby authorized from time to time to issue bonds in the principal amount or amounts and with the maturities as the authority shall determine to be necessary to provide sufficient funds for achieving its authorized purposes. The department of treasury shall provide technical expertise as necessary for the authority to issue bonds under this act.

(2) The board of the authority shall authorize the issuance of bonds by resolution. Except as otherwise provided in this subsection, the authority may issue bonds, including refunding bonds, without obtaining the consent of any department, division, commission, board, bureau, or agency of this state and without any other proceedings or the occurrence of any other conditions other than those proceedings, conditions, or things that are specifically required by this act. Every issue of bonds shall be special revenue obligations payable from and secured by a pledge of revenues and other assets, including without limitation the proceeds of the bonds deposited in a reserve fund for the benefit of the owners of the bonds, earnings on funds of the authority and other funds as may become available, upon the terms and conditions as specified by the authority in the authority resolution under which the bonds are issued or in a related trust agreement or trust indenture. The authority shall provide notice to the speaker of the house and majority leader of the senate of their intent to issue bonds under this section. The notice shall include estimated principal amount or amounts and authorized purpose of issuing the bond or bonds.

(3) The authority may issue bonds to refund any bonds by the issuance of new bonds, whenever it considers the refunding expedient, whether the bonds to be refunded have or have not matured, and to issue bonds partly to refund bonds then outstanding and partly for restructuring or any of its other authorized purposes.

(4) For each issue of bonds, the authority shall determine all of the following:

- (a) The date of issuance.
- (b) Whether the bonds shall bear no interest, appreciate as to principal amount, bear interest at fixed or variable rates, or any combination of these.
- (c) Whether the bonds shall be payable at or prior to maturity.
- (d) When the bonds shall mature.
- (e) Whether the authority may redeem the bonds prior to maturity, at what price, and under what conditions.
- (f) The method of payment of principal of and interest on the bonds.
- (g) The form, denominations, and places of payment of principal of and interest on the bonds.
- (h) If any officer whose signature or the facsimile of whose signature appears on any bond shall cease to be that officer before the delivery of the bond, that signature or facsimile shall nevertheless be valid and sufficient for all purposes as if he or she had remained in office until delivery of the bond.
- (i) Any other terms and conditions necessary to issue the bonds in fully marketable form.

(5) The authority may sell the bonds in the manner determined by the authority board, at public or private sale, and on either a competitive or negotiated basis.

(6) This act shall govern the creation, perfection, priority, and enforcement of any pledge of revenues or other security made by the authority. Each pledge made by the authority shall be valid and binding at the time the pledge is made. The encumbered revenues, reserves, or earnings pledged or earnings on the investment of the encumbered revenues, reserves, or earnings pledged shall immediately be subject to the lien of the pledge without any physical delivery or further act and the lien on that pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the authority, irrespective of whether the parties have notice of the lien or pledge, and without filing or recording the pledge. The resolution or other instrument by which a pledge is created does not have to be recorded.

(7) This act shall also govern the negotiability of bonds issued under this act. Any bonds issued under this act shall be fully negotiable within the meaning and for all purposes of the uniform commercial code. By accepting the bond or obligation, each owner of a bond or other obligation of the authority shall be conclusively considered to have agreed that the bond is and shall be fully negotiable within the meaning and for all purposes of the uniform commercial code.

(8) In the discretion of the authority, any bonds may be secured by a trust agreement or trust indenture by and between the authority and a trustee, which may be any trust company or bank having the powers of a trust company, whether located within or without this state. A trust agreement or trust indenture authorized under this subsection, or an authority resolution providing for the issuance of bonds may provide for the creation and maintenance of reserves as the authority shall determine to be proper and may include covenants setting

forth the duties of the authority in relation to the bonds, the income to the authority, and the sale agreement. A trust agreement or trust indenture authorized under this subsection or an authority resolution may contain provisions respecting the custody, safeguarding, and application of all money and bonds and may contain provisions for protecting and enforcing the rights and remedies under the sale agreement of the owners of the bonds and benefited parties as may be reasonable and proper and not in violation of law. It shall be lawful for any bank or trust company incorporated under the laws of this state that may act as depository of the proceeds of bonds or of any other funds or obligations received on behalf of the authority to furnish indemnifying bonds or to pledge obligations as may be required by the authority. Any trust agreement or trust indenture authorized under this subsection or an authority resolution may contain other provisions as the authority may consider reasonable and proper for priorities and subordination among the owners of bonds and benefited parties.

(9) A member of the board or an officer, appointee, or employee of the authority shall not be subject to personal liability when acting in good faith within the scope of his or her authority or on account of liability of the authority. The board may defend and indemnify a member of the board or an officer, appointee, or employee of the authority against liability arising out of the discharge of his or her official duties. The authority may indemnify and procure insurance indemnifying members of the board and other officers and employees of the authority from personal loss or accountability for liability asserted by a person with regard to bonds or other obligations of the authority, or from any personal liability or accountability by reason of the issuance of the bonds or other obligations or by reason of any other action taken or the failure to act by the authority. The authority may also purchase and maintain insurance on behalf of any person against the liability asserted against the person and incurred by the person in any capacity or arising out of the status of the person as a member of the board or an officer or employee of the authority, whether or not the authority would have the power to indemnify the person against that liability under this subsection.

(10) A member, officer, employee or agent of the authority shall not have an interest, either directly or indirectly, in any business organization engaged in any business, contract or transaction with the authority or in any contract of any other person engaged in any business with the authority, or in the purchase, sale, lease or transfer of any property to or from the authority.

(11) Bonds issued under this act are not subject to the revised municipal finance act, 2001 PA 34, MCL 141.2101 to 141.2821.

(12) The issuance of bonds under this act is subject to the agency financing reporting act, 2002 PA 470, MCL 129.171 to 129.177.

(13) A resolution of the authority authorizing bonds, or the provisions of a trust agreement or trust indenture authorized by resolution of the authority, may delegate to an officer or other employee of the authority, or an agent designated by the authority, for the period of time as the authority determines, the power to cause the issue, sale, and delivery of the bonds within limits on those bonds established by the authority as to any of the following:

- (a) The form.
- (b) The maximum interest rate or rates.
- (c) The maturity date or dates.
- (d) The purchase price.
- (e) The denominations.
- (f) The redemption premiums.
- (g) The nature of the security.
- (h) The selection of an applicable interest rate index.
- (i) Other terms and conditions with respect to the issuance of the bonds as the authority shall prescribe.

(14) The authority shall not issue bonds under this act for any of the following:

(a) Qualified residential rental projects as defined in section 142 of the internal revenue code of 1986, 26 USC 142.

(b) Qualified mortgage bonds as defined in section 143 of the internal revenue code of 1986, 26 USC 143.

(c) Mortgage credit certificates as defined in section 25 of the internal revenue code of 1986, 26 USC 25.

(15) The authority shall not issue bonds under this act for the purpose of paying operating costs or other recurring costs.

(16) The authority shall not issue bonds under this act that in total exceed \$150,000,000.00.

History: 2016, Act 560, Imd. Eff. Jan. 11, 2017.